

These are the minutes of the 2012 Budget Hearing held on December 5, 2011 at 5:30 p.m. in the City Municipal Building.

Meeting was called to order by Mayor Baumgartner. On roll call were Alderpersons Jensen, Kierstyn, Marti, Scott, Suhr, Mayor Baumgartner, Administrator Ellisor and Chief Hanson. Alderperson Manthey and Attorney Pollex were excused.

Administrator Ellisor read his 2012 Budget Review Memorandum. The memorandum gave the Revenue and Expenditures Equalized Value Comparison for 2011 and 2012. Various portions of the 2012 budget composing the proposed budget were explained by Administrator Ellisor and on the relevant trends and projections of the City's finances:

The anticipated mill rate (pre-TIF millage is the millage rate applied for General Fund operating expenses) should be \$3.38 and the anticipated General Fund mill rate (after TIF) should be \$4.30. The General Fund levy (the actual dollar amount collected from property taxes) increased from \$283,300 to \$293,300.

State Shared Revenue, the largest revenue component of the General Fund operating budget (approx. 63%) decreased from \$774,100 in 2011 to \$749,800 for 2012.

Administrator Ellisor read other General Fund revenue categories typically represent 2% to 3% of the overall budget. However, 2012 and 2013 will alter this trend due to the COPS grant funding that infuses an additional \$62,000 of revenue, changing the typical 3% to 6% of the total revenue. Other expenditure challenges are still workman's compensation and fire district. Energy and fuel costs are anticipated to be close in cost with the previous year and the Ambulance service will be near the same as 2011.

He read Strategies to meet the 2012 General Fund budget. The State Budget Repair Bill initiatives were integral to coping with the severe decrease in revenue sharing. Restrictions removed from considering alternative health care plans and restrictions imposed on covering employee share of retirement released a lot of pressure from tightly stretched budgets. This requires adjustments from all employees but the transition and changes allowed for in the 2012 are defensible on a level of fairness.

The 3 year COPS Grant can be applied to the operating budget and plans are in place for the time the grant expires in 2013 and the obligation to retain the full-time position remains. When the COPS grant closes out in 2013, \$180,000 has already been set aside so the two \$90,000 payments won't have to be provided for the General Fund budget.

Administrative and Clerk expenses are spread across four different budgets, which include the TIF's. Current staffing in the Clerk's office consists of two full time and one half time employee. Included in the 2012 budget is funding to allow for three full time employees in the Clerk/Treasurer's office. Preliminary thoughts are to hire a half time office administrator dedicated exclusively to the Police Department. Staffing changes will require Council approval.

Capital Equipment Allocations expenses are equivalent to 2011 for 2012.

The amount of special assessment collections to the General Fund operations has been substantially reduced in 2012. This is due to the pre-funding of the 2005 loan payments so special assessment dollars can be redirected toward other capital projects.

The Water & Sewer Utility propose no increase. Other fixed costs for the utility funds are three annual loan payments: 2000 WWTP Facility Upgrade \$71,000, 2005 Rural Development Loan \$301,000, and the 2010 SDWLP Well #5 \$27,000. For 2012 the Utility will probably operate at a deficit in the range of \$20,000. This is not alarming as 2012 is the final year payment for the \$71,000 Facility Upgrade loan. The Rural Development loan requires \$301,000 escrow or security and that requirement was met two years ago, the interest can be used in the utility. Currently there is \$100,000 in the Capital Improvement Account, by year end of 2012, he anticipates \$150,000.

TIF #1 was retired in 2011 and made its final payment (from internal borrowing) of \$42,039 to the Water & Sewer fund. TIF #1 fulfilled its purpose, met its debts and was a success.

TIF #2 functions to pay on loan payments from prior eligible projects. Quite a few years remain on TIF #2 and will have additional revenue years to make up for unmet loan payments. In four years, TIF #2 will likely have revenue stream well beyond debt obligations and will be in a position to make another sufficient investment into an eligible project. He believes future projects undertaken for TIF #2 will need to be committed to by 2014 or 2015.

TIF #3, like TIF #2, has a sufficient share of debt payment obligation such as an internal loan from Streets Fund with about \$150,000 remaining on it. TIF #3 has a fairly healthy cash flow and future growth projections are promising. It entails Main Street and the rejuvenation of economically distressed commercial districts. Planning is in the works for the July Railroad Centennial Celebration. \$9,000 has been budgeted out of community promotion for the Centennial and \$25,000 has been budgeted for services to assess and prepare a downtown revitalization plan and accompanying strategy.

The Five Year Capital Equipment Budgets for the three departments (Public Works, Public Safety and General Government) were distributed.

Capital Improvement Projects Budgets – the recently approved Economic Development Administration (EDA) project and utility extension was granted to go out for bids. Separate budgets are prepared for projects of this nature and updates are provided at committee. The business park effort is a \$900,000 project with 75% grant funding from EDA. The \$200,000 matching share was funded by a local loan and repaid from TIF #2.

Approximately \$150,000 will be available from the Streets Capital Improvement Fund for alley paving and will rebuild through repayment from TIF #2 and from special assessment payments from the 2005 Rural Development project.

The Holtz Street paving from May Street to Werner Street is estimated to be \$40,000 for resurfacing and financed from the Streets Capital Improvement Fund and \$10,000 would be reimbursed from the Local Road Improvement Program (LGIP), which is administered by the County.

**Motion by Marti, second by Kierstyn to adjourn the budget hearing. Roll call vote, all voted aye.**

*The 2012 Budget Hearing adjourned at 5:52 p.m.*

Janet L. Winters, CMC, WCMC  
Clerk/Treasurer